

(D) "Disproportionate Share Hospital" has the following meaning: An Acute Care Hospital, State Mental Health Institution, or Private Psychiatric Institution:

(1) whose Medicaid Inpatient Utilization Rate is at least one standard deviation above the Statewide Mean Medicaid Inpatient Utilization Rate for such provider hospitals receiving Medicaid payments in Indiana; or

(2) whose low income utilization rate exceeds twenty-five percent (25%); and

(i) has at least two (2) obstetricians with staff privileges, who have agreed to provide obstetric services to individuals entitled to such services under the Indiana Medicaid state plan. For a hospital located in a rural area (as defined in Section 1886 of the Social Security Act), the term obstetrician includes a physician with staff privileges at the hospital to perform nonemergency obstetric procedures. Provision (i) does not apply to a hospital the inpatients of which are predominately individuals under 18 years of age; or which did not offer nonemergency obstetric services as of December 21, 1987.

(E) "Significant Disproportionate Share Hospital" has the following meaning: An Acute Care Hospital, State Mental Health Institution or Private Psychiatric Institution which meets all criteria outlined in (D)(2) above.

(F) "Medicaid Inpatient Utilization Rate" for a provider, has the following meaning: A fraction (expressed as a percentage) for which:

(1) the numerator is the provider's total Medicaid inpatient days and hospital care for the indigent program inpatient days in a cost reporting period; and

(2) the denominator is the total number of the provider's inpatient days in that same cost reporting period.

where inpatient days includes days provided by an acute care subprovider of the provider and also includes inpatient days attributable to Medicaid beneficiaries from other states.

(G) "Statewide Mean Medicaid Inpatient Utilization Rate" has the following meaning: A fraction (expressed as a percentage) for which:

(1) the numerator is the total of all Medicaid enrolled hospital providers' Medicaid Inpatient Utilization Rates in a cost reporting period; and

(2) the denominator is the total number of all such Medicaid enrolled provider hospitals.

In calculating the Statewide Mean Medicaid Inpatient Utilization Rate, the Medicaid agency shall not include the Medicaid Inpatient Utilization Rates of providers who are determined to be Significant Disproportionate Share Hospitals and who are receiving significant disproportionate share payments.

(H) A provider's "Low Income Utilization Rate" is the sum of:

(1) a fraction (expressed as a percentage) for which:

(A) the numerator is the sum of the following for a cost reporting period:

(i) the total Medicaid inpatient revenues paid to the provider; plus

(ii) the amount of the cash subsidies received directly from state and local governments, including payments made under the hospital care for the indigent program; and

(B) the denominator is the total amount of the provider's revenues for inpatient services (including cash subsidies) in the same cost reporting period; and

(2) a fraction (expressed as a percentage) for which:

(A) the numerator is the total amount of the provider's charges for inpatient services that are attributable to care provided to individuals who have no source of payment or third party or personal resources in a cost reporting period; and

(B) the denominator is the total amount of charges for inpatient services in the same cost reporting period.

The numerator in clause (2)(A) shall not include contractual allowances and discounts other than for indigent patients not eligible for medical assistance under an approved Medicaid state plan.

III. PAYMENT ADJUSTMENTS

A. Outpatient Disproportionate Share Adjustment

Disproportionate Share Hospitals that are operating as Acute Care Hospitals shall receive, in addition to their allowable regular claims payments and any other payment adjustments to which they are entitled, a disproportionate share payment adjustment for outpatient services calculated against the regular outpatient claims payments equal to:

The provider's Medicaid inpatient utilization rate less one (1) standard deviation from the Statewide Mean Medicaid Inpatient Utilization Rate, times ninety five percent (95%) plus two and one-half percent (2.5%).

Disproportionate share payment adjustments for outpatient services shall only be made from revenues contained in the Medicaid Indigent Care Trust Fund.

B. Outpatient Significant Disproportionate Share Adjustment

Significant Disproportionate Share Hospitals that are operating as Acute Care Hospitals shall receive, in addition to their allowable regular claims payments and any other payment adjustment to which they are entitled, a disproportionate share payment adjustment for outpatient services calculated against the regular outpatient claims payment equal to:

The provider's Medicaid inpatient utilization rate less one (1) standard deviation from the Statewide Mean Medicaid Inpatient Utilization Rate, times ninety five percent (95%) plus two and one-half percent (2.5%), plus

The percentage add-on specified for significant disproportionate share providers at 42 U.S.C. 1385ww(d) (5) (F) (iii) which for the period 7-1-90 through 9-30-91 is 30% and for the period 10-1-91 forward until the next legislated change, is 35%.

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Significant Disproportionate Share Payment adjustments for outpatient services shall only be made from revenues contained in the Medicaid Indigent Care Trust Fund.

**IV. OUTPATIENT DISPROPORTIONATE SHARE
PAYMENT ADJUSTMENT EXAMPLES**

Example 1--Hospital qualifies as a regular disproportionate share hospital

Facts-----Hospital's Medicaid inpatient utilization rate = 28%

One Standard Deviation from the Statewide Mean
Medicaid Inpatient Utilization rate = 15%

Disproportionate Share Payment formula "The provider's Medicaid inpatient utilization rate less one standard deviation from the Statewide Mean Medicaid Inpatient Utilization Rate, times 95% plus 2.5%"

Medicaid inpatient claim reimbursement \$1000.00

Solution-----28% minus 15% = 13.00%
13% times .95 = 12.35%
12.35% plus 2.5% = 14.85%
14.85% times \$1000 = \$148.50 disp. share payment

Example 2--Same hospital qualifies additionally as a significantly disproportionate share hospital

Facts-----Same as those in example 1 (add the following)

Date of inpatient claim 10-10-91

Inpatient Significant Disproportionate Share adjustment percentage is 35%

Solution---35.00% times \$1000 = \$350.00 sig. disp. share payment
from example 1 above \$148.50 disp. share payment
\$498.50 total disp. share payment

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V. EFFECTIVE DATE

Subject to approval by HCFA, these payment adjustments are to be effective for services provided on or after July 1, 1991. All appropriate assurances required by federal regulations are being submitted with this Medicaid state plan amendment.

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